

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

M&G POLYMERS USA, LLC)	
)	
Complainant,)	
)	
v.)	Docket No. NOR 42123
)	
CSX TRANSPORTATION, INC. and)	
CANADIAN NATIONAL RAILWAY COMPANY)	
)	
Defendants.)	

227404

ANSWER OF CSX TRANSPORTATION, INC.

Pursuant to 49 C.F.R. § 1111.4 and other applicable law and authority, Defendant CSX Transportation, Inc. ("CSXT") respectfully submits this Answer to the Complaint filed by Complainant M&G Polymers USA, LLC ("M&G") in STB Docket No. 42123 on June 18, 2010 ("Complaint").

CSXT denies all of the allegations of the Complaint except where this Answer specifically states otherwise.

In response to the unnumbered paragraph beginning on page 1 of the Complaint, CSXT denies that M&G has paid or will pay common carrier rates in excess of reasonable maximum levels for CSXT's transportation of the movements set forth in the Complaint, denies that the Board has jurisdiction over the issue movements, denies that M&G has joined all necessary parties to this litigation, and denies that M&G is entitled to any of the relief it seeks in this proceeding. The remainder of the unnumbered paragraph consists of a characterization of M&G's Complaint, to which no response is required. To the extent that any such response may be required, CSXT denies the remaining allegations of this paragraph.

With respect to the numbered paragraphs of the Complaint, CSXT responds as follows:

1. CSXT lacks sufficient information to admit or deny the allegations of Paragraph 1 of the Complaint. To the extent a response is required, CSXT denies the allegations of Paragraph 1.

2. CSXT admits the first two sentences of Paragraph 2 of the Complaint. With respect to the third sentence of Paragraph 2, CSXT admits that it is generally subject to Subtitle IV of Title 49 of the United States Code, and that some of its rates and practices are subject to the jurisdiction of the Board.

3. In light of M&G's motion to dismiss its Complaint as to Canadian National Railway Company ("CN"), no response to Paragraph 3 of the Complaint is necessary. To the extent a response is required, CSXT lacks sufficient information to admit or deny the allegations of the first two sentences of Paragraph 3 of the Complaint, which relate to CN. With respect to the third sentence of Paragraph 3, CSXT admits that it is generally subject to Subtitle IV of Title 49 of the United States Code, and that some of its rates are subject to the jurisdiction of the Board.

4. The first sentence of Paragraph 4 of the Complaint consists of a characterization of M&G's Complaint, to which no response is required. To the extent a response is required, CSXT admits that the Complaint purports to challenge CSXT's rates for certain origin-destination pairs and groups set forth in Exhibits A and B to the Complaint. CSXT lacks sufficient information to admit or deny the allegations of the second sentence of Paragraph 4. To the extent a further response is required, CSXT denies the remaining allegations of Paragraph 4.

5. With respect to the allegations of Paragraph 5 of the Complaint, CSXT denies that it "transports" commodities for M&G between all the points identified in Exhibit A, in part

because several of the traffic lanes named in the complaint have seen no recent traffic. CSXT admits that it transports the identified commodities for M&G between some of the origins and destinations named in Exhibit A. To the extent a further response is required, CSXT denies the allegations of Paragraph 5.

6. With respect to the allegations of Paragraph 6 of the Complaint, CSXT denies that it “transports” commodities for M&G between all the points identified in Exhibit B, in part because several of the traffic lanes named in the complaint have seen no recent traffic in recent years. CSXT admits that it transports the identified commodities for M&G between some of the origins and destinations named in Exhibit B. To the extent a further response is required, CSXT denies the allegations of Paragraph 6.

7. In light of M&G’s motion to dismiss its Complaint as to CN, no response to Paragraph 7 of the Complaint is necessary. To the extent a response is required, CSXT lacks sufficient information to admit or deny the allegations of Paragraph 7 of the Complaint.

8. With respect to the allegations in Paragraph 8 of the Complaint, CSXT admits that prior to January 1, 2009 CSXT transported polyethylene terephthalate for M&G pursuant to a 10 year contract negotiated with M&G’s predecessor-in-interest. That contract expired on December 31, 2008. CSXT admits that M&G and CSXT began negotiations on a new contract in late 2008, that the negotiations continued into 2009, and that in February 2009 the parties agreed to a new one-year contract that expired on December 31, 2009. CSXT denies M&G’s characterizations of CSXT’s proposals during the commercial negotiations and denies that M&G had no transportation options other than CSXT. CSXT lacks sufficient information to admit or deny M&G’s allegations about its subjective perceptions during negotiations. To the extent a

further response is required, CSXT denies the remaining allegations and characterizations in Paragraph 8.

9. With respect to the allegations of Paragraph 9, CSXT admits that CSXT and M&G began negotiations for a new contract in October 2009. CSXT denies M&G's characterizations of CSXT's proposals during the commercial negotiations and denies M&G's allegation that CSXT "demanded additional significant rate increases." CSXT proposed terms for a new contract that were in accord with market rates, conditions, and factors. CSXT admits that, after expiration of the CSXT-M&G contract on December 31, 2009, M&G has shipped traffic via CSXT under CSXT's tariff rates. To the extent a further response is required, CSXT denies the remaining allegations and characterizations in Paragraph 9.

10. With respect to the allegations of Paragraph 10, CSXT admits that the parties engaged in multiple face-to-face meetings, phone calls, and written exchanges during contract negotiations, including a February 2010 meeting involving the Chief Executive Officers of M&G and CSXT. CSXT admits that it provided multiple offers to M&G during negotiations, but denies M&G's characterizations of those offers. CSXT denies the remaining allegations and characterizations in Paragraph 10.

11. With respect to the allegations of Paragraph 11, at this early stage of this case, CSXT lacks sufficient information to admit or deny M&G's allegations regarding R/VC ratios. To the extent a further response is required, CSXT denies the allegations of Paragraph 11.

12. With respect to the allegations of Paragraph 12, CSXT admits that its negotiations with M&G took place between October 2009 and June 2010, and that CSXT's tariff rates applied to M&G traffic transported by CSXT after expiration of the last CSXT-M&G contract on December 31, 2009. CSXT lacks sufficient information to admit or deny M&G's allegations

regarding its motivation for filing this case. CSXT denies that its rates for M&G's traffic are unreasonable. To the extent a further response is required, CSXT denies the allegations of Paragraph 12.

13. In light of M&G's motion to dismiss its Complaint as to CN, no response to Paragraph 13 of the Complaint is necessary. To the extent a response is required, CSXT lacks sufficient information to admit or deny the allegations of Paragraph 13 of the Complaint.

14. Paragraph 14 states a legal conclusion to which no response is required. To the extent a response is required, CSXT denies Paragraph 14.

15. Paragraph 15 states a legal conclusion to which no response is required. To the extent a response is required, CSXT denies Paragraph 15.

16. Paragraph 16 states a legal conclusion to which no response is required. To the extent a response is required, CSXT denies Paragraph 16.

17. Paragraph 17 states a legal conclusion to which no response is required;. To the extent a response is necessary, CSXT denies Paragraph 17.

18. Paragraph 18 states a legal conclusion to which no response is required;. To the extent a response is necessary, CSXT denies Paragraph 18.

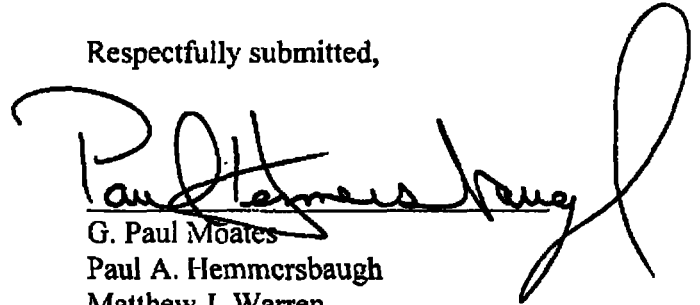
19. Paragraph 19 states a legal conclusion to which no response is required;. To the extent a response is necessary, CSXT denies Paragraph 19.

20. Paragraph 20 states a legal conclusion to which no response is required. To the extent that a response is necessary, CSXT denies Paragraph 20.

The unnumbered final paragraph of the Complaint (on page 6) states legal conclusions and requests for relief, to which no response is required. To the extent a response may be deemed necessary, CSXT denies the allegations, conclusions, and requests for relief in that final

paragraph, including clauses numbered 1 through 6. CSXT denies that M&G is entitled to any of the relief it seeks in this proceeding or to any other relief.

Respectfully submitted,

A large, stylized handwritten signature in black ink, which appears to read "Paul A. Hemmersbaugh". The signature is written over the printed name and extends to the right with a long, looping flourish.

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Dated: July 8, 2010

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of July, 2010, I caused a copy of the foregoing Answer of CSX Transportation, Inc. to the Complaint of M&G Polymers USA, LLC to be served on the following parties by first class mail, postage prepaid or more expeditious method of delivery:

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